

Message Text

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ACTION EUR-12

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7650
INFO AMEMBASSY ATHENS
ALL EC CAPITALS
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: GREEK ACCESSION TO THE EUROPEAN COMMUNITIES --
COMMISSION PROPOSALS ON AGRICULTURE

REF: BRUSSELS 12855

1. SUMMARY. AS REPORTED REFTEL, THE EC COMMISSION HAS
SENT PROPOSALS TO THE COUNCIL COVERING AGRICULTURAL
ASPECTS OF GREEK ACCESSION TO THE COMMUNITY. THE
"CONFIDENTIAL" DOCUMENT, TO BE DISCUSSED IN COREPER PRIOR
TO THE FORMAL OPENING OF NEGOTIATIONS IN THIS SECTOR,
OUTLINES MAJOR ADJUSTMENTS IN GREEK AGRICULTURAL POLICY
REQUIRED TO ALIGN IT WITH THAT OF THE COMMUNITY, INCLUD-
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ING ADOPTION OF CAP MECHANISMS AND PRICES, TRADE WITH
THIRD COUNTRIES, AND OTHER MEASURES TO BE UNDERTAKEN
DURING THE TRANSITIONAL PERIOD. THE COMMISSION PROPOSES
IN THE DOCUMENT TO MODIFY THE CAP ON PROCESSED FRUIT AND
VEGETABLES TO INCLUDE RAISINS AND DRIED FIGS, TO
RECLASSIFY COTTON AS AN AGRICULTURAL COMMODITY AND
SUBJECT IT TO A CAP. GREECE HAS ALSO REQUESTED A CAP

FOR PINE RESIN, ALTHOUGH IT IS NOT CONSIDERED AN AGRICULTURAL PRODUCT. END SUMMARY.

2. WE HAVE OBTAINED ON A STRICTLY CONFIDENTIAL BASIS THE EC COMMISSION'S PROPOSALS TO THE COUNCIL COVERING AGRICULTURAL ASPECTS OF GREEK ACCESSION NEGOTIATIONS WITH THE COMMUNITY. A SUMMARY OF THE MAIN ELEMENTS OF THE COMMISSION'S PAPER, WHICH IS STRUCTURED IN TWO PARTS, IS OUTLINED BELOW.

3. PART I POINTS UP THE IMPORTANCE OF AGRICULTURE TO THE GREEK ECONOMY. IT EMPLOYS ABOUT 35.4 PERCENT OF THE WORKING POPULATION WHO PRODUCE PRINCIPALLY COTTON, MEAT, DAIRY PRODUCTS, AND FRUIT AND VEGETABLES. THE COMMISSION NOTES THAT MARKED DIFFERENCES STILL REMAIN BETWEEN GREEK AND COMMUNITY AGRICULTURAL POLICIES DESPITE REMOVAL OF SOME OBSTACLES THROUGH THE ASSOCIATION AGREEMENT. THE COMMISSION FORESEES BOTH MINOR AND SUBSTANTIAL MODIFICATIONS IN CERTAIN SECTORS, NOTABLY GRAINS AND LIVESTOCK, AFFECTING BOTH PRODUCERS AND CONSUMERS AND THE REMOVAL OF GREEK NATIONAL AIDS (E.G., ON MEATS). GREECE WILL HAVE TO EFFECT MAJOR POLICY CHANGES IN ITS TRADE WITH THIRD COUNTRIES, NOTABLY WITH RESPECT TO THE REMOVAL OF QUANTITATIVE RESTRICTIONS (QR'S). THE GREEK TREASURY IS EXPECTED TO SUFFER A REVENUE LOSS DUE TO THE TRANSFER OF CUSTOMS REVENUES AND LEVIES TO THE COMMUNITY. MOREOVER, GREEK EXPENDITURES ARE ALSO EXPECTED TO INCREASE PRINCIPALLY TO COVER COSTS OF STRUCTURAL CHANGES, WHICH WILL LIMITED OFFICIAL USE

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BE ONLY PARTIALLY FINANCED BY THE COMMUNITY. HOWEVER, THE COMMISSION PREDICTS THAT THE PROPOSED MODIFICATIONS OF THE GRAINS AND LIVESTOCK SECTORS AND THE REMOVAL OF GREEK NATIONAL AIDS SHOULD RESULT IN SAVINGS TO THE NATIONAL BUDGET. GREECE HAS REQUESTED A FIVE-YEAR TRANSITIONAL PERIOD FOR INTEGRATING ITS AGRICULTURE WITH THAT OF THE COMMUNITY; BUT THE COMMISSION NOTED THAT SOME TRANSITIONAL MEASURES MAY REQUIRE A LONGER PERIOD FOR TECHNICAL REASONS. THE COMMISSION RECOMMENDED A SECTOR-BY-SECTOR EXAMINATION OF ALL ASPECTS OF THE AGRICULTURAL SECTOR, IN WHICH IT OFFERED TO COLLABORATE WITH GREECE.

4. PART II OF THE DOCUMENT DESCRIBES AND SHOWS FOR EACH ISSUE THE GREEK REQUEST, COMMUNITY POSITION, AND COMMISSION PROPOSAL. THESE ISSUES INCLUDE (1) GREEK ADOPTION OF THE CAP MECHANISMS AND COMMON PRICES AND AID LEVELS; (2) COMPLETION OF A CUSTOMS UNION BETWEEN THE TWO PARTIES; (3) ABOLITION OF QR'S RE TRADE WITH THIRD COUNTRIES; (4) APPLICATION OF EC PREFERENTIAL REGIMES WITH THIRD COUNTRIES; AND (5) OTHER GREEK REQUESTS NOT NECESSARILY COVERED BY THE CAP. KEY ITEMS OF INTEREST FOLLOW.

A. ADOPTION OF CAP MECHANISMS AND COMMON PRICES.

GREECE ASKED FOR A FIVE-YEAR DELAY IN APPLYING THE CAP TO BEEF, PIGMEAT, AND DAIRY PRODUCTS, THREE YEARS FOR EGGS; AND TWO YEARS FOR FLOWERS AND SEEDS. THE COMMISSION PREFERS THAT ALL MECHANISMS BE APPLIED IN PRINCIPLE FROM THE DATE OF ACCESSION TO AVOID DISTORTIONS IN CAP OPERATIONS. IT WOULD AGREE TO PHASED APPLICATION IN SOME SECTORS FOR CERTAIN TECHNICAL AND/OR STRUCTURAL REASONS. THE COMMISSION PREFERS THAT GREEK PRICES FOR BEEF, PIGMEAT, AND DAIRY PRODUCTS BE ALIGNED WITH COMMUNITY PRICES WITHOUT DELAY, EXCEPT FOR PRODUCTS WHERE SUCH ALIGNMENT WOULD ALTER PRODUCER OR CONSUMER PRICES.

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B. REMOVAL OF QR'S WITH THIRD COUNTRIES. GREECE WANTS TO RETAIN QR'S WITH THIRD COUNTRIES FOR THE DURATION OF THE TRANSITIONAL PERIOD FOR ALL PRODUCTS COVERED IN ANNEX II OF THE ROME TREATY (PLUS COTTON AND PINE RESIN). THE COMMISSION STATES THAT IN PRINCIPLE QR'S SHOULD BE ABOLISHED FROM DATE OF ACCESSION. FOR PRODUCTS NOT SUBJECT TO A CAP UPON GREEK ACCESSION, THE COMMISSION BELIEVES THAT MAINTENANCE OF QR'S COULD BE JUSTIFIABLE, BUT IN NO CASE COULD ANY THIRD COUNTRY BE TREATED MORE FAVORABLY THAN THE REST OF THE COMMUNITY.

C. AGREEMENTS WITH THIRD COUNTRIES. GREECE WISHES TO DEFER THE ADOPTION OF THE EC'S CONTRACTUAL PREFERENTIAL CONCESSIONS TO THE END OF THE TRANSITIONAL PERIOD. THE COMMISSION ACKNOWLEDGES THAT GRADUAL ELIMINATION OF IMPORT DUTIES COULD BE CONSIDERED, BUT SUGGESTS THAT IT LIMITED OFFICIAL USE

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MAY BE IMPOSSIBLE TO DEFER APPLYING AT LEAST SOME ELEMENTS OF THE REGIMES UNTIL AFTER THE TRANSITIONAL PERIOD. THE COMMISSION OBJECTS TO GREECE'S REQUEST THAT CONCESSIONS GRANTED TO EFTA COUNTRIES BE EXTENDED TO PRESERVED FRUIT AND VEGETABLES, FRUIT JUICES, TOMATO CONCENTRATE, CITRUS, FRESH GRAPES, WINE, AND CUCUMBERS.

D. OTHER PROPOSALS -- MODIFICATION AND/OR INTRODUCTION OF CAP'S. PER GREECE'S REQUEST, THE COMMISSION PROPOSES THAT THE CAP ON PROCESSED FRUIT AND VEGETABLES BE MODIFIED TO INCLUDE RAISINS AND DRIED FIGS SINCE THESE COMMODITIES ARE VERY IMPORTANT IN GREEK AGRICULTURE. THE COMMISSION CONCURS WITH GREECE'S DESIRE TO MAINTAIN ITS NATIONAL SYSTEM AFFECTING SHEEP AND SHEEPMEAT IF A CAP HAS NOT BEEN INTRODUCED PRIOR TO ACCESSION. THE COMMISSION APPROVES CLASSIFYING COTTON, ANOTHER PRINCIPLE GREEK CROP, AS AN AGRICULTURAL PRODUCT AND INTRODUCING A CAP ON THIS COMMODITY. GREECE HAS ALSO REQUESTED THE INTRODUCTION OF A CAP ON PINE RESIN, WITHOUT AS YET GIVING ANY DETAILS. PINE RESIN IS NOT IN ANNEX II OF THE ROME TREATY AND THEREFORE IS NOT CLASSIFIED AS AN AGRICULTURAL PRODUCT.

5. A COPY OF THE DOCUMENT HAS BEEN FORWARDED TO ROBERT HOMME, EUR/RPE, STATE; Omero SABATINI, FAS/USDA; AND EMBASSY ATHENS. HINTON

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